

## SETTLEMENT AGREEMENT

### RECITALS

This Settlement Agreement is made and entered into between the U.S. Department of Housing and Urban Development ("HUD" or "the Department") and ARVIDA/JMB Partners ("ARVIDA"). It will be effective on the date it is signed on behalf of the Department.

Whereas, Section 8(b) of the Real Estate Settlement Procedures Act (RESPA), 12 U.S.C. § 2607(b), and its implementing regulations at 24 CFR 3500.14(c), prohibit the giving or receiving of any portion, split or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a federally related mortgage loan other than for services actually performed;

Whereas, Section 9(a) of RESPA, 12 U.S.C. § 2608(a), prohibits the seller of property that will be purchased with the assistance of a federally related mortgage loan from requiring, directly or indirectly, as a condition of the sale, that a buyer purchase title insurance for the property from any particular title company;

Whereas, the Department has investigated certain business practices of ARVIDA at its Weston Community, viz., that ARVIDA charged Weston home buyers a fee of 1.5%, calculated on the total purchase price of the home, for certain identified and unidentified charges, all of which ARVIDA characterized as closing costs without regard to whether ARVIDA's actual closing costs totaled 1.5% of the purchase price, and that ARVIDA imposed an additional charge on Weston buyers who opted to use independent title insurance providers rather than ARVIDA's affiliated title insurance company (hereafter collectively the "Investigated Practices");

Whereas, ARVIDA has cooperated with HUD's investigation and represents that it has discontinued the Investigated Practices;

Whereas, as a result of its inquiry and investigation, HUD alleges that the Investigated Practices are violations of sections 8(b) and 9(a) of RESPA;

Whereas, ARVIDA has denied that the Investigated Practices violate RESPA and/or its implementing regulations, and nothing in this Settlement Agreement shall be construed as an admission by ARVIDA of the alleged violations;

Whereas, there has been no judicial determination of noncompliance with RESPA;

Whereas, the parties to this Settlement Agreement now desire to avoid further expense and proceedings and to settle this matter under the terms and conditions set forth below; and

Whereas, the terms set forth in this Settlement Agreement are an appropriate disposition of this matter and in the public interest;

## AGREEMENTS

NOW THEREFORE, in consideration of the mutual promises and representations set forth herein, the parties, intending to be legally bound, agree as follows:

1. The foregoing recitals are incorporated in this Agreement.
2. ARVIDA agrees not to violate RESPA in the future and agrees to cooperate with HUD in any future investigation of alleged violations of RESPA.
3. ARVIDA will not charge buyers of any of its houses a closing fee that is calculated as a percentage of the total purchase price of the house and will enumerate and itemize all applicable closing costs that it pays or that are paid to it on all of its sales of homes to consumers on Form HUD-1.
4. ARVIDA will not impose extra charges on any buyers who opt to use a title insurance provider other than ARVIDA's affiliate; provided, however, that nothing in this provision shall preclude ARVIDA or its affiliates from offering a package (or combination) of settlement services, or discounts or rebates to consumers for the purchase of multiple settlement services, if its conduct is consistent with the regulations issued by HUD at 24 C.F.R. § 3500.2 as they relate to the definition of required use.
5. The provisions of paragraphs 3 and 4 will be subject to and governed by any future changes in HUD regulations, policy statements or interpretive letters that affect the Investigated Practices.
6. ARVIDA has identified 168 buyers in the relevant time period who paid a charge to ARVIDA's title agent affiliate, as well as to an independent title insurance agent or lawyer for closing services, and as part of this settlement will take the following steps:

Refund to each of eight (8) buyers who paid \$200 or less the actual amount paid by the buyer;

Refund to each of the remaining 160 buyers \$276.60;

Within 30 days after the effective date of this agreement send each of the 168 buyers a refund under cover of a letter prepared by ARVIDA in substantially similar form to the letter attached as Exhibit A. ARVIDA will send payments to the buyers' last known addresses with a notation on each envelope that requests forwarding as applicable;

Within 15 days after the mailing of the funds provide HUD with a list of the buyers and their addresses to whom ARVIDA paid refunds, together with its certification when payments were made and the medium through which they were delivered. HUD will treat this customer list as ARVIDA's proprietary and confidential information.

7. Should payments be undeliverable for any reason, ARVIDA shall send a check in an amount equal to the total undeliverable amount to the Director, Interstate Land Sales/RESPA Division (payable to the Secretary of Housing and Urban Development), 451 7<sup>th</sup> Street, S.W., Rm. 9146, Washington, DC 20410, as part reimbursement for the Department's costs of investigation.

8. The agreements undertaken in paragraphs 3 and 4 shall apply to all ARVIDA developments, notwithstanding that the Investigated Practices that gave rise to this Settlement Agreement dealt with transactions at the Weston Community.

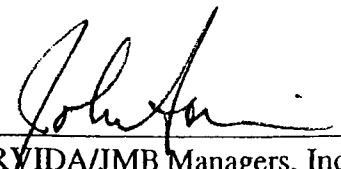
9 HUD agrees to take no direct or indirect action against ARVIDA, including but not limited to referring a case or claim to the Department of Justice or a state Attorney General or Insurance Commissioner, with respect to the Investigated Practices.

10. Should ARVIDA fail to comply with the terms set out above, or should any of ARVIDA's representations prove to be false or incomplete in a material manner, HUD may take appropriate enforcement action.

11. It is understood and agreed that, except as otherwise stated herein, this Settlement Agreement expresses the complete settlement of liabilities claimed and denied that arose from HUD's investigation upon which this Settlement Agreement is based.

12. Each party shall bear its own costs, including attorneys' fees, in connection with this settlement.

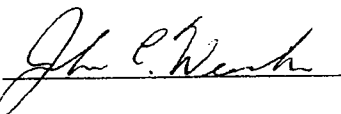
ARVIDA/JMB Partners

By:   
ARVIDA/JMB Managers, Inc.  
(signature)

Name: John Baric  
(printed or typed)

Title: Vice President  
(printed or typed)

U.S. Department of Housing  
and Urban Development

By: 

Dated: 9/17/01